

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

S

W-01537A
Shepard Water Company
10430 N. Martinez Lake Rd.
Yuma, AZ 85365

RECEIVED

ARIZONA CORP COMM
Director, Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
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FOR COMMISSION USE

ANN 04	07
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PROCESSED BY:

4-11-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Shepard Water Company

Mailing Address 10430 N. Martinez Lake Road
(Street)

Yuma
(City)

AZ
(State)

85365
(Zip)

928-783-9589

Telephone No. (Include Area Code)

928-782-3360

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address info@martinezlake.com

Local Office Mailing Address 10430 N. Martinez Lake Road
(Street)

Yuma
(City)

AZ
(State)

85365
(Zip)

928-783-9589

Local Office Telephone No. (Include Area Code)

928-782-3360

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: John W. Guth President
(Name) (Title)

10430 N. Martinez Lake Road, Yuma AZ 85365
(Street) (City) (State) (Zip)

928-783-9589

Telephone No. (Include Area Code)

928-782-3360

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address info@martinezlake.com

On Site Manager: Lili Whitford
(Name)

10430 N. Martinez Lake Road, Yuma AZ 85365
(Street) (City) (State) (Zip)

928-783-9589

Telephone No. (Include Area Code)

928-782-3360

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address info@martinezlake.com

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Wade Noble

(Name)

1405 W. 16th St.

(Street)

Yuma

(City)

AZ

(State)

85364

(Zip)

928-343-9947

Telephone No. (Include Area Code)

928-343-9483

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Wade Noble

(Name)

1405 W. 16th St.

(Street)

Yuma

(City)

AZ

(State)

85364

(Zip)

928-343-9947

Telephone No. (Include Area Code)

928-343-9483

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☒ YUMA

☐ STATEWIDE

COMPANY NAME

Shepard Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.I.D. (OC less AD)
301	Organization	708		708
302	Franchises	2,708		2,708
303	Land and Land Rights	250		250
304	Structures and Improvements	2,257	1,501	756
307	Wells and Springs	4,424	4,424	-
311	Pumping Equipment	12,581	9,565	3,016
320	Water Treatment Equipment	2,630	2,630	-
330	Distribution Reservoirs and Standpipes	8,141	8,022	119
331	Transmission and Distribution Mains	5,796	5,796	-
333	Services	7,205	7,205	-
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	879	111	768
340	Office Furniture and Equipment	509	348	161
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	442	442	-
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	48,530	40,044	8,486

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Shepard Water Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	708		
302	Franchises	2,708		
303	Land and Land Rights	250		
304	Structures and Improvements	2,257		
307	Wells and Springs	4,424		
311	Pumping Equipment	12,581	4.48	563
320	Water Treatment Equipment	2,630		
330	Distribution Reservoirs and Standpipes	8,141		
331	Transmission and Distribution Mains	5,796		
333	Services	7,205		
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	879	2.00	18
340	Office Furniture and Equipment	509	10.00	51
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	442		
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	48,530		632

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME

Shepard Water Company

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 3,977	\$ 17,808
134	Working Funds, Undispersed WIFA loan	295,575	295,575
135	Temporary Cash Investments		
141	Customer Accounts Receivable	4,308	6,338
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	887	5,286
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 304,747	\$ 325,007
	FIXED ASSETS		
101	Utility Plant in Service	\$ 48,530	\$ 48,530
103	Property Held for Future Use		
105	Construction Work in Progress	59,500	59,500
108	Accumulated Depreciation – Utility Plant	(39,412)	(40,044)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 68,618	\$ 67,986
	OTHER ASSETS	43,062	46,169
	TOTAL ASSETS	\$ 416,427	\$ 439,162

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

Construction Work in Progress detail, engineering

Water Arsenic Reduction Project	\$ 5,000
Water Facilities Project Design	<u>54,500</u>
	<u>\$ 59,500</u>

COMPANY NAME

Shepard Water Company

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 1,090	\$ -
232	Notes Payable (Current Portion)	26,628	26,628
234	Notes/Accounts Payable to Associated Companies	118,956	169,912
235	Customer Deposits		
236	Accrued Taxes	6,330	
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	3,168	731
	TOTAL CURRENT LIABILITIES	\$ 156,172	\$ 197,271
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 155,449	\$ 128,821
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax	502	406
	TOTAL DEFERRED CREDITS	\$ 502	\$ 406
	TOTAL LIABILITIES	\$ 312,123	\$ 326,498
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Paid in Capital in Excess of Par Value	6,096	6,096
215	Retained Earnings	97,208	105,568
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 104,304	\$ 112,664
	TOTAL LIABILITIES AND CAPITAL	\$ 416,427	\$ 439,162

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 5,347	\$ 8,986
460	Unmetered Water Revenue	43,692	42,499
474	Other Water Revenues - Surcharges	13,420	13,070
	TOTAL REVENUES	\$ 62,459	\$ 64,555
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	1,585	1,438
618	Chemicals		
620	Repairs and Maintenance	1,447	2,712
621	Office Supplies and Expense	1,496	1,095
630	Outside Services	10,920	11,620
635	Water Testing	3,786	4,875
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	3,879	3,879
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	8,386	22,770
675	Miscellaneous Expense	12,343	4,077
403	Depreciation Expense	831	632
408	Taxes Other Than Income	911	90
408.11	Property Taxes	2,692	2,614
409	Income Tax	5,893	908
	TOTAL OPERATING EXPENSES	\$ 54,169	\$ 56,710
	OPERATING INCOME/(LOSS)	\$ 8,290	\$ 7,845
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	218	546
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(760)	(31)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (542)	\$ 515
	NET INCOME/(LOSS)	\$ 7,748	\$ 8,360

COMPANY NAME

Shepard Water Company

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1/25/2002			
Source of Loan	State of AZ WIFA			
ACC Decision No.	62091			
Reason for Loan	Water Treatment Facility			
Dollar Amount Issued	\$ 299,475	\$	\$	\$
Amount Outstanding	\$ 182,077	\$	\$	\$
Date of Maturity	1/1/2022			
Interest Rate	None %	%	%	%
Current Year Interest	\$ -0-	\$	\$	\$
Current Year Principle	\$ 26,628	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ -0-

Meter Deposits Refunded During the Test Year

\$ -0-

COMPANY NAME	Shepard Water Company
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-616951	5 HP	80		8	2	
55-619952	5 HP	80		8	2	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
None			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
5,000	1	3,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Shepard Water Company
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	Shepard Water Company
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	224	1,088,500	1,088,600	
FEBRUARY	224	1,168,300	1,168,400	
MARCH	223	1,001,100	1,001,200	
APRIL	223	1,073,100	1,073,200	
MAY	219	1,149,400	1,149,500	
JUNE	221	1,196,600	1,196,700	
JULY	218	1,236,200	1,236,300	
AUGUST	219	1,346,100	1,346,200	
SEPTEMBER	219	1,359,200	1,359,300	
OCTOBER	213	1,028,500	1,028,600	
NOVEMBER	208	1,018,400	1,018,500	
DECEMBER	203	1,098,400	1,098,500	
TOTALS →		13,763,800	13,765,000	

What is the level of arsenic for each well on your system? 12 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs N/A

If system has chlorination treatment, does this treatment system chlorinate continuously? N/A
() Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(x) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (x) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Shepard Water Company YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 2,614.22

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2007 PROPERTY TAX STATEMENT YUMA COUNTY, ARIZONA



KAREN FRITZ, TREASURER
410 MAIDEN LANE, STE C
YUMA, AZ 85364

THIS IS THE ONLY TAX NOTICE YOU WILL RECEIVE

The Yuma County Treasurer mails tax bills to all property owners. If you have a mortgage on your property and your taxes are paid through an impound account, keep this notice for your records.

SHEPARD WATER CO
C/O JOHN & GAIL GUTH
HC 4 BOX 41
MARTINEZ LAKE AZ 85365

45518

For important information
and payment instructions,
see reverse side.

YOUR CHECK IS YOUR RECEIPT.

LOCATION ADDRESS

LEGAL DESCRIPTION OF PROPERTY

ENTIRELY VALUED PROPERTY ACCOUNT 55-241.

ACCOUNT NUMBER
U0000021

PARCEL IDENTIFICATION

TAX AREA CODE
000000

PRIMARY PROPERTY TAX CALCULATION

ITEM	Limited Value	ASSMT%	Assessed Value	Exemption	Tax Rate	Ad Valorem Tax
LAND BLDGS, ETC.	4,915	24.00	1,180	0	0.0000	0.00
PERSONAL PROPERTY	94,085	24.00	22,580	0	0.0000	0.00
TOTALS	99,000		23,760	0		0.00

SECONDARY PROPERTY TAX CALCULATION

ITEM	Full Cash Value	ASSMT%	Assessed Value	Exemption	Tax Rate	Ad Valorem Tax
LAND BLDGS, ETC.	0	0.00	0	0	0.0000	0.00
PERSONAL PROPERTY	94,080	24.00	22,580	0	0.0000	0.00
TOTALS	99,000		23,760	0		636.98

2007 TAX SUMMARY

Primary Ad Valorem Tax	1,977.24
Less State Aid To Education	0.00
Net Primary Ad Valorem Tax	1,977.24
Secondary Ad Valorem Tax	636.98
Special District Tax	0.00
TOTAL TAX DUE	2,614.22
HALF TAX	1,307.11

2006 - 2007 TAX COMPARISON

AUTHORITY NUMBER	AUTHORITY NAME	LEVY TYPE	PURPOSE	2007 TAX DISTRIBUTION	2006 TAX DISTRIBUTION	DIFFERENCE	TAX RATE
02000	YUMA COUNTY	PRIM		479.75	514.51	-34.76	2.019
05001	YUMA SD#1	PRIM		485.14	475.81	9.33	2.041
06103	YUHS SD#70	PRIM		600.23	544.22	56.01	2.526
08150	ARIZONA WESTERN COLLEGE	PRIM		412.12	452.64	-40.52	1.734
14900	YUMA COUNTY LIBRARY	SCND		217.17	219.45	-2.28	.914
15829	YUMA COUNTY FLOOD CONTROL	SCND		4.14	4.18	-.04	.350
55001	YUMA SD#1	SCND	OVERRIDE	103.09	69.60	33.49	.433
65001	YUMA SD#1	SCND	CLASS A BONDS	30.58	113.25	-82.67	.128
66103	YUHS SD#70	SCND	CLASS A BONDS	59.42	5.40	54.02	.250
68150	AWC 2003 BOND ISSUE	SCND		32.81	41.63	-8.82	.138
68154	AWC 2005 BOND ISSUE	SCND		19.03	17.58	1.45	.080
68155	AWC 2006 BOND ISSUE	SCND	DEBT SERVICE	53.15	60.67	-7.52	.223
76103	YUHS SD#70	SCND	CLASS B BONDS	117.59	173.47	-55.88	.494
TOTALS				2,614.22	2,692.41	-78.19	

DELINQUENT DATES

1st Half Year Taxes become delinquent on November 1, 2007 at 5:00 PM, unless the full year tax bill exceeds \$100.00 and the full year is paid by December 31, 2007 (excluding delinquencies that are due November 1, 2007).

2nd Half Year Taxes become delinquent on May 1, 2008 at 5:00 PM

PLEASE SEND ALL PAYMENTS TO: Karen Fritz, Yuma County Treasurer, 410 Maiden Lane Ste. C, Yuma, AZ 85364

ACCOUNT NUMBER

1st BANK YUMA
YUMA, AZ 85364

DATE 10-2-07

DEBIT TRANSFER FROM

Check # 78294736 Checking 33000015

AMOUNT 983.86

SHEPARD WATER CO.

FOR #1205

POSTED 10/02/07 \$983.86

SHEPARD WATER COMPANY
1205

DATE 9-26-07

W.M.S.D.D.

AMOUNT \$ 94.41

FOR #1205

POSTED 10/02/07 \$94.41

SHEPARD WATER COMPANY
1206

DATE 9-26-07

Western Water Works

AMOUNT \$ 275.00

FOR #1206

POSTED 10/05/07 \$275.00

SHEPARD WATER COMPANY
1207

DATE 9-26-07

John Auto

AMOUNT \$ 2,000.00

FOR #1207

POSTED 10/16/07 \$2,000.00

SHEPARD WATER COMPANY
1208

DATE 10-9-07

William C. Jensen

AMOUNT \$ 2,195.00

FOR #1208

POSTED 10/11/07 \$2,195.00

SHEPARD WATER COMPANY
1209

DATE 10-9-07

William C. Jensen

AMOUNT \$ 2,614.22

FOR #1209

POSTED 10/15/07 \$2,614.22

SHEPARD WATER COMPANY
1210

DATE 10-9-07

Angela Dept of Rev.

AMOUNT \$ 292.31

FOR #1210

POSTED 10/12/07 \$292.31

SHEPARD WATER COMPANY
1211

DATE 10-15-07

Jim Halliwell

AMOUNT \$ 700.00

FOR #1211

POSTED 10/18/07 \$700.00

SHEPARD WATER COMPANY
1212

DATE 10-15-07

Lili Whiffles

AMOUNT \$ 210.00

FOR #1212

POSTED 10/24/07 \$210.00

SHEPARD WATER COMPANY
1213

DATE 10-15-07

U.S. Postal Service

AMOUNT \$ 82.00

FOR #1213

POSTED 10/19/07 \$82.00

SHEPARD WATER COMPANY
1214

DATE 10-17-07

Noble Law Offices

AMOUNT \$ 866.25

FOR #1214

POSTED 10/25/07 \$866.25

SHEPARD WATER COMPANY
1215

DATE 10-22-07

W.M.S.D.D.

AMOUNT \$ 91.45

FOR #1215

POSTED 10/26/07 \$91.45

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

APR 11 2008

ARIZONA
CORP COMM
Director: Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Yuma</u>
NAME (OWNER OR OFFICIAL) TITLE <u>John W. Guth, President</u>
COMPANY NAME <u>Shepard Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

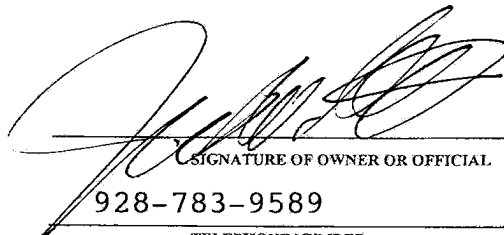
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

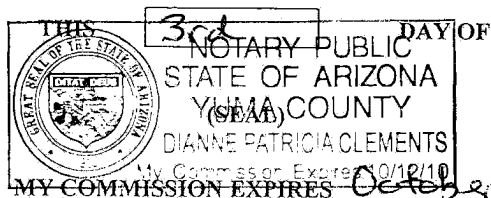


SIGNATURE OF OWNER OR OFFICIAL
928-783-9589

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



COUNTY NAME	<u>Yuma</u>
MONTH	<u>March</u>
	<u>.2008</u>



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Shepard Water Company YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

		(1)	FYE
	Total	9/30/07	12/31/07
Federal Taxable Income Reported		1,805	2,704
Estimated or Actual Federal Tax Liability	677	271	406
State Taxable Income Reported		1,935	2,901
Estimated or Actual State Tax Liability	327	130	197

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances

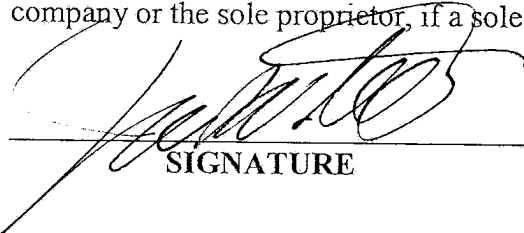
Amount of Gross-Up Tax Collected

Total Grossed-Up Contributions/Advances

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/3/08
DATE

John W. Guth

President

PRINTED NAME

TITLE

- (1) Shepard Water Company had a September 30 year-end for income tax purposes. The corporation changed its year-end to December 31, so all regulatory reporting will have the same year-end. The corporation filed income tax returns for the short tax year, October 1, 2007, through December 31, 2007.

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 14 2008

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yuma
NAME (OWNER OR OFFICIAL) TITLE John W. Guth
COMPANY NAME Shepard Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 68,070

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3,515
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
928-783-9589

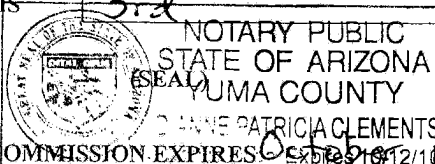
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 3rd DAY OF

COUNTY NAME	<u>Yuma</u>
MONTH	<u>March</u>
	<u>2008</u>





SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12/10/2010

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED
4/11/08
ARIZONA CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yuma	
NAME (OWNER OR OFFICIAL) John W. Guth	TITLE President
COMPANY NAME Shepard Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

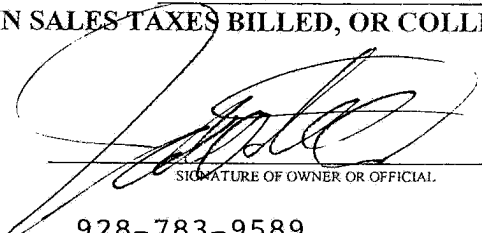
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 58,301

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 2,912
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.



SIGNATURE OF OWNER OR OFFICIAL
928-783-9589

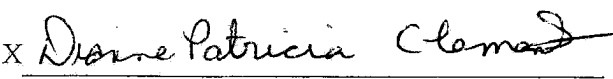
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 3rd DAY OF
NOTARY PUBLIC
STATE OF ARIZONA
YUMA COUNTY
(SEAL)
DIANNE PATRICIA CLEMENTS
MY COMMISSION EXPIRES October 12, 2010

NOTARY PUBLIC NAME Dianne Patricia Clements	
COUNTY NAME Yuma	
MONTH March	2008

X 

SIGNATURE OF NOTARY PUBLIC